EIB Group activity in Bulgaria in 2020

- EIB Group (EIB and EIF) operations in 2020 supported €443 million of investment in Bulgaria

- EIB Group support in Bulgaria represented 0.75% of the country’s GDP (ranked ninth among the EU Member States)

- Thanks to the European Fund for Strategic Investments (EFSI) – a core part of the Investment Plan for Europe – €4.7 billion of new investments are expected to be mobilised in Bulgaria

The European Investment Bank (EIB) and the European Investment Fund (EIF), jointly forming the EIB Group, support investment projects that reduce disparities in regional development, strengthen economic competitiveness and improve the living standards of people in Bulgaria.

In 2020, EIB lending in Bulgaria amounted to €115m

The EIF committed €328m for SME financing
CORONAVIRUS OUTBREAK: EIB GROUP’S RESPONSE

The EIB Board of Directors has agreed on the structure and business approach of the European Guarantee Fund (EGF) to tackle the economic consequences of the COVID-19 pandemic. The Fund was endorsed by the European Council as part of the overall EU COVID-19 response package. It will enable the EIB Group to scale up its support for mostly small and medium-sized European companies, providing up to €200 billion of additional financing.

FINANCING UNDER THE INVESTMENT PLAN FOR EUROPE

The European Fund for Strategic Investments (EFSI) is the main pillar of the Investment Plan for Europe, a joint initiative of the European Commission and the EIB Group that was launched in 2015 and ended in 2020. The aim of the Investment Plan was to kick-start the European economy by mobilising a minimum of €500 billion in additional investment over five years. EFSI enabled the EIB Group to finance more projects and take on higher risks. At the end of 2020, projects and agreements approved under the initiative were expected to mobilise €547 billion and to support over 1.4 million small and medium-sized companies across the European Union. EFSI is followed by InvestEU, the new flagship programme that will boost investment, innovation and job creation in Europe until the end of 2027.

Since the launch of EFSI and up to the end of 2020, projects worth €773 million benefited from EFSI guarantees

These guarantees are expected to mobilise some €4.7 billion of investments
In 2020, the EIB and Boni Holding AD, a fast-growing agri-business company, signed a €30 million loan agreement for the modernisation of existing and the construction of new production facilities in Levski, Lovech, Pordim, Brestak and Targovishte. The project aims to make substantial improvements in the company’s energy consumption, as well as adopting best EU and Bulgarian standards in animal welfare and environmental protection for the company’s pork meat value chain investments. The EIB support will create new and help secure existing employment in rural areas of Bulgaria, thus contributing to the objective of regional cohesion, which aims to support less developed regions across the European Union.

In addition, the project helps with the net substitution of imports for locally produced meat with a significantly lower greenhouse gas footprint. It is fully in line with the European Union’s policy goals of producing food more efficiently and with a reduced environmental footprint on existing agricultural land, which are key elements of the Farm to Fork strategy, recently published as part of the European Green Deal.

The EIB also signed a COVID-19 top-up loan of €25 million with Biovet AD, the main operating subsidiary of Huvepharma Group, a major Bulgarian-based producer of animal health products, enzymes and feed additives. The top-up loan will enable the finalisation of the second part of the EIB-financed investment, the vaccine plant located in Razgrad, Bulgaria. The loan is in addition to a first €100 million loan to boost job creation in less-developed regions of Bulgaria and contribute to the health of EU citizens, given the strong interplay between animal health and human health, notably through the development and manufacturing of animal vaccines as alternatives to antibiotics.
SUPPORT FOR URBAN DEVELOPMENT IN BULGARIA

The EIB and Fund FLAG have signed a €25 million loan to promote urban regeneration and rehabilitation in cities across Bulgaria. Fund FLAG will support investments for upgrading urban green areas and open public spaces, improving sustainable urban transport and renovating and reconstructing public buildings (schools, health centres and administrative buildings). In addition, it will focus on upgrading small-scale basic municipal infrastructure (road network, drinking water and sewers) and climate change adaptation measures.

This operation forms part of a wider partnership to increase the firepower of cohesion funding for urban development. In January 2020 the EIB, the Fund of Funds (Fund Manager of Financial Instruments in Bulgaria) and Fund FLAG established the Bulgarian Urban Investment and Advisory Platform. Financed by the European Investment Advisory Hub, this platform aims to benefit Bulgarian municipalities by coordinating the efforts of funding and advisory partners, both at EU and national level, and bringing together EU cohesion funding with EIB lending and advice via dedicated urban development financial instruments and intermediaries.
LOANS FOR SMES AND MID-CAPS

The EIB signed two financing agreements with ProCredit Bank Bulgaria for a total amount of €35 million to co-finance small and medium-scale investments in the country. 40% of the intermediated loans are dedicated to renewable energy, energy efficiency, low-carbon transport and waste management projects. Thanks to the EIB loan, Bulgarian companies with fewer than 3 000 employees will benefit from better access to long-term financing provided at favourable terms.

The EIF committed €328 million in new operations for SME financing in 2020. This will unlock financing for SMEs of around €1.8 billion, a ten-year record. Of this, €1.2 billion is financing made available to SMEs particularly in response to the COVID-19 crisis. The support takes the form of a liquidity lifeline to tackle liquidity shocks and disruptions in the supply chains due to the crisis.

To respond to the COVID-19 crisis, the EIF Documentary Finance Facility will unlock €800 million for SMEs in Bulgaria. The facility supports the Bulgarian Ministry of Economy’s objective to promote the internationalisation and diversification of the local economy, and address the challenges brought by COVID-19 to small enterprises. It provides increased access to finance through capital relief and loss protection through a portfolio guarantee to financial intermediaries for portfolios of new debt finance.

In addition, micro, small and medium-sized enterprises in Bulgaria will have the opportunity to finance their growth and business development plans, digital transformation and post-COVID-19 recovery through loans with more flexible terms, as the EIF and United Bulgarian Bank (UBB) have agreed to more than double the existing guarantee agreement to cover new UBB loans worth €400 million. The loan guarantees are provided by the Competitiveness of Small and Medium-sized Enterprises (COSME) programme, launched by the European Commission to improve access to finance for SMEs.

The EIF also completed new equity deals in 2020, including €12.5 million in the Sofia Angels Ventures fund, the first fund ever created in the Balkan region and South Eastern Europe to support the emerging community of business angels and their role as investors in high-tech startups. A €20 million cornerstone investment was made in LAUNCHub Fund II, the first large pure-play regional venture capital fund that is based in Sofia. The EIF investment marks a new landmark achievement in the maturing of the local entrepreneurial ecosystem.

Also in 2020, the EIF and Raiffeisenbank (Bulgaria) EAD signed a guarantee agreement enabling the bank to increase its lending capacity to Bulgarian small and medium-sized enterprises and small public enterprises in the cultural and creative sectors by €10 million. This is the first EIF operation supporting creative industries in Bulgaria. The guarantee agreement is backed by the European Commission’s Cultural and Creative Sectors Guarantee Facility, which is managed by the EIF. It also benefits from support from EFSI.
EIB ADVISORY SERVICES IN BULGARIA

Bulgaria is one of the largest beneficiaries of the EIB’s advisory services. The advisory support provided by the EIB ranges from support for investment projects in the transport, water and environment sectors to advice for SMEs and the development of financial instruments and investment platforms combining EU structural funds with other sources of funds.

Joint Assistance to Support Projects in European Regions (JASPERS)

JASPERS is a technical assistance initiative managed by the EIB and co-sponsored by the European Commission. JASPERS aims at improving the quality of investment supported by EU Structural and Investment Funds and the Connecting Europe Facility (CEF) in Bulgaria by providing independent advice and capacity-building support to public authorities and project promoters, as well as an independent quality review of projects before their submission to the European Union.

In 2020, JASPERS completed three advisory assignments in Bulgaria in support of investments in the water sector and issued one post-submission appraisal report to the European Commission. During the year, JASPERS intensified the support it provided to the Bulgarian authorities for the planning and preparation of pipelines of projects to be financed in the period 2021-27. This is complemented by support on further strengthening the capacity of public authorities and project promoters in view of future requirements and increased responsibilities.

Since 2006, JASPERS has completed 133 advisory assignments in the Bulgarian public sector, supporting 101 projects with a total investment value of more than €9 billion.

Project Advisory Support Service Agreement (PASSA)

The purpose of the Project Advisory Support Programme is to provide advice to promoters to boost the implementation of EU-funded projects. It combines the knowledge of EIB staff and third party consultants to support project implementation and capacity building. EIB experts work hand-in-hand with the promoters on strategic and complex projects, providing bespoke advisory products not available off the shelf.

The EIB PASSA team is supporting Sofia Municipality in the construction of a combined heat and power plant. This strategic project will complete the development of the city’s integrated waste management system, gradually transforming Sofia into a green and innovative city.

The EIB is also helping Bulgaria improve its water supply and sewerage networks. Close to 1.5 million people will benefit from improved wastewater treatment services and for 220,000 Bulgarians the quality of water supply will improve. The EIB PASSA team supports the Bulgarian managing authority with technical advice for an estimated €1 billion worth of water projects across the country.

The European Investment Advisory Hub (EIAH)

The EIAH is a partnership between the EIB and the European Commission offering, as part of the Investment Plan for Europe, a single point of entry to a comprehensive package of advisory and technical assistance. The Advisory Hub is particularly important in Cohesion countries, which have the greatest need for capacity-building support to identify, prepare and implement projects. With the gradual move from grants to financial instruments and investment platforms, the Advisory Hub is helping Bulgaria to make this challenging shift.
This year, the European Investment Advisory Hub agreed to help Burgas prepare a project to build the first children’s hospital in Bulgaria. The Hub will help complete a feasibility study and preliminary designs for the hospital. The new hospital will use zero-emission technology and be linked to Burgas University Hospital.

The Advisory Hub’s experts are also helping the region of Stara Zagora to assess the market potential and build a business case for the development of a laboratory for immersive multi-wall virtual reality that will host research and development activities, fostering collaboration between investors, universities and innovative industries. The Advisory Hub has helped to develop a financial model to generate sustainable revenues and attract further financing sources, ensuring that the project is viable, financially sustainable and delivers economic, social and educational benefits.

From its launch in 2015 until the end of 2020, the Advisory Hub processed 117 requests from Bulgaria, ranging from information enquiries to requests for technical assistance, funding, or both. Of these, 106 requests were project-specific, 63 came from the private sector and 22 qualified to receive comprehensive advisory assistance. The Advisory Hub’s support was provided for fund-of-funds operations, environment, resource efficiency, cleaner transport, innovation, SMEs and other areas.
## OVERALL EIB GROUP ACHIEVEMENTS IN 2020

<table>
<thead>
<tr>
<th>Environment</th>
<th>SMEs &amp; mid-caps</th>
<th>Innovation</th>
<th>Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>€16.82bn</td>
<td>€30.56bn</td>
<td>€14.43bn</td>
<td>€14.99bn</td>
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<table>
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<tr>
<th>Green financing</th>
<th>EIF Financing</th>
<th>Total EIB Group Financing</th>
<th>EIB Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>40% of total financing</td>
<td>€12.87bn</td>
<td>€76.8bn</td>
<td>€66.09bn</td>
</tr>
</tbody>
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### Investment Plan for Europe
Projects approved by the EIB Group amounted to **€102.8bn**

### The European Fund for Strategic Investments (EFSI) in Bulgaria
€773 million approved, which is expected to mobilise some **€4.7 billion** of investments

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* EIB Group total financing excludes a small overlap due to joint engagements of the EIB and the EIF.

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